

November 2003

ECONOMIC AND REVENUE FORECAST

FISCAL YEAR 2004 2nd Quarter

WASHINGTON STATE DEPARTMENT OF
Natural Resources
Doug Sutherland - Commissioner of Public Lands

November 2003 ECONOMIC AND REVENUE FORECAST

FISCAL YEAR 2004 2ND QUARTER

prepared by:
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December 2003

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Accurate reproduction of information in this forecast is welcomed.
Acknowledgment of the source would be appreciated.

ACKNOWLEDGMENTS

The quarterly revenue forecast is a collaborative effort. It is the product of information provided by private individuals and organizations, and DNR staff. Without their contributions this forecast could not be completed.

An absolutely critical component of this forecasting work are the purchasers of DNR timber. These busy individuals and companies willingly provide information that is essential to the process of estimating harvest volumes.

Many DNR staff also contribute to the forecast. Those persons who provide data or forecasts of revenue flows for their areas of responsibility make an especially significant contribution, and I especially thank Jon Tweedale and Paul Penhallegon in this regard. Also, other DNR staff have provided valuable and constructive feedback on drafts of this forecast report, including Phil Aust, Peggy Murphy, Paul Penhallegan, Jim Smego, Bob van Schoorl, and Angie Wirkkala.

I am grateful to Billie-Lynn Wyckoff for help and initiative in conducting the purchaser survey efficiently and effectively.

Bruce P. Glass
December 9, 2003

PREFACE

This forecast projects revenues from Washington state trust lands managed by the Department of Natural Resources. These monies are distributed to accounts associated with specific management activities and the trust lands from which revenues are expected to be generated. The department revises its forecast quarterly to provide updated information for trust beneficiaries as well as for long-term budgeting purposes.

This forecast covers fiscal years ending June 2004 (FY 2004) through June 2007 (FY 2007). The baseline date for this November 2003 forecast is September 30, 2003, the end of the first quarter of FY 2004. While sales and revenue data are current as of this date, the forecasts are based on the most up-to-date data available at the time of their estimation (i.e., after the baseline date). Macroeconomic and market outlook data are the most up to date available at the time the forecast was written.

Unless otherwise indicated, values are expressed in nominal terms, without adjustment for inflation. Interpretations of trends in the forecast therefore require care in separating inflationary changes in the value of money over time from changes attributable to other economic influences.

FORECAST CALENDAR

The forecast calendar for future DNR Economic and Revenue forecasts is shown in the table below. The DNR forecasts provide information that is used in the state-wide Washington Economic and Revenue Forecasts carried out by the Office of the Forecast Council. The timing for the DNR forecast is therefore determined by the schedule of the state-wide forecast, prescribed by RCW 82.33.020. The calendar prescribed by RCW 82.33.020 is reflected in the release date, i.e., when preliminary revenue forecast estimates will be available. Publication of the actual forecast document follows at a later date.

Forecast title	Baseline date	Release date	Publication date (approx.)
February 2004	End Q2, FY 2004	February 20, 2004	February 27, 2004
June 2004	End Q3, FY 2004	June 18, 2004	June 25, 2004
September 2004	End Q4, FY 2004	September 17, 2004	September 24, 2004
November 2004	End Q1, FY 2005	November 19, 2004	November 26, 2004

MAJOR POINTS OF THE NOVEMBER 2003 FORECAST

■ US Macroeconomic Conditions & Trends

- The US economy is in a recovery phase, prompted by highly expansionary fiscal and monetary policy.
- On the fiscal policy side, government defense expenditures have increased markedly. Also, tax cuts and child rebates are expected to boost disposable income and help support future consumer expenditures.
- On the monetary policy side, the Federal Reserve Bank (FRB) target for the rate at which banks borrow money from each other (the federal funds rate) stands at a 40-year low of 1.00%. The FRB is expected to hold this rate steady as economic recovery takes firm hold. While the FRB may reduce this rate further should the economy falter, the November 2003 Blue Chip consensus anticipates the federal funds rate will rise through calendar year (CY) 2004.
- A key concern for the US economy is whether the recovery presently underway will be sustainable in the face of the following pressures:
 1. Intermediate- and long-term interest rates: Increasing federal government borrowing to finance an expanding budget deficit is likely to contribute upward pressure to interest rates, particularly if the deficits persist. What effects will rising interest rates have on investment, and will already high (consumer) debt loads be supportable? Will recovering economic growth be sufficient to offset these and other factors?
 2. Low operating rates: Overcapacity and increasingly unrestricted international trade flows suggest the domestic economy could still face a lengthy

adjustment period, as resources are reallocated economy-wide. In particular, lagging employment growth has potential to adversely effect consumption expenditures through reduced income growth.

3. Large trade and current account deficits are resulting in depreciation of the US dollar. This depreciation is expected to provide a mild--and necessary--inflationary boost for the economy. However, exports are not expected to be very responsive to this currency depreciation, although imports may well be more responsive.

- The November 2003 Blue Chip consensus estimate of real gross domestic product (GDP) growth for CY 2003 has risen to 2.9%, up from a low of about 2.3% in mid-2003. The November 2003 consensus estimate of real GDP growth for CY 2004 stands at 4.2%, well above the trend rate of about 3.5%.

■ Japanese Macroeconomic Conditions & Trends

- The November 2003 Blue Chip consensus anticipates real GDP growth in 2003 will be positive in both CY 2003 (2.4%) and CY 2004 (1.7%), up substantially on the back of export-led economic growth.
- However, Japan continues to experience deflationary pressures, reflected in November 2003 Blue Chip consensus estimates of inflation at the consumer price level, i.e., -0.3% and -0.3% for CY 2003 and CY 2004 respectively (following -0.7% in CY 2001 and -0.9% in CY 2002).

■ Implications of Macroeconomic Conditions for Forecast

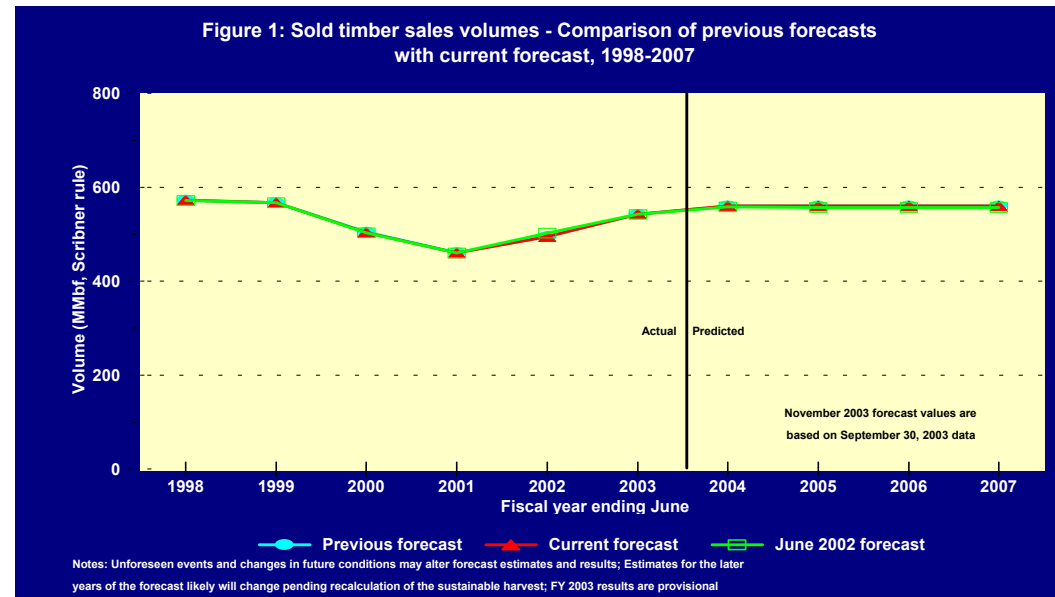
- US housing is sensitive to interest rate movements, and so is not expected to be dramatically--or even positively--

responsive to the economic recovery presently under way-- and particularly since house construction is at historically high levels anyway. For this forecast, housing starts are expected to decline through CY 2004, from a CY 2003 peak of about 1.73 million to a low of about 1.64 million in CY 2005 (seasonally adjusted rates). This cyclical downturn in housing starts is driven by an expected increase in interest rates.

- US repair and remodelling expenditures are also expected to remain at relatively high levels compared with prior years, following a similar trend to housing starts, i.e., exhibiting a cyclical downturn.
- Japanese housing starts are expected to decline from about 1.15 million/year in CY 2003 to less than 1.07 million per year in CY 2006, potentially resulting in reduced (export) demand for US wood products.
- Long-term changes in trade flows for raw materials and finished products are likely as manufacturing capacity for wood products and their substitutes moves out of Japan and North America to other countries. In particular, the importance of the People's Republic of China as both a market and regional processing center is expected to increase, the more so given increased construction activity in advance of the 2008 Olympic Games (to be staged in Beijing).

■ **Sold Timber Sale Volumes:** Compared with the September 2003 forecast, sold target timber sale volumes remain unchanged (Figure 1, Table 1).

- Sales volume estimates for the later years of the forecast likely will change following recalculation of the sustainable harvest. The Board of Natural Resources is presently slated to consider adoption of the recalculated sustainable harvest during spring of CY 2004.

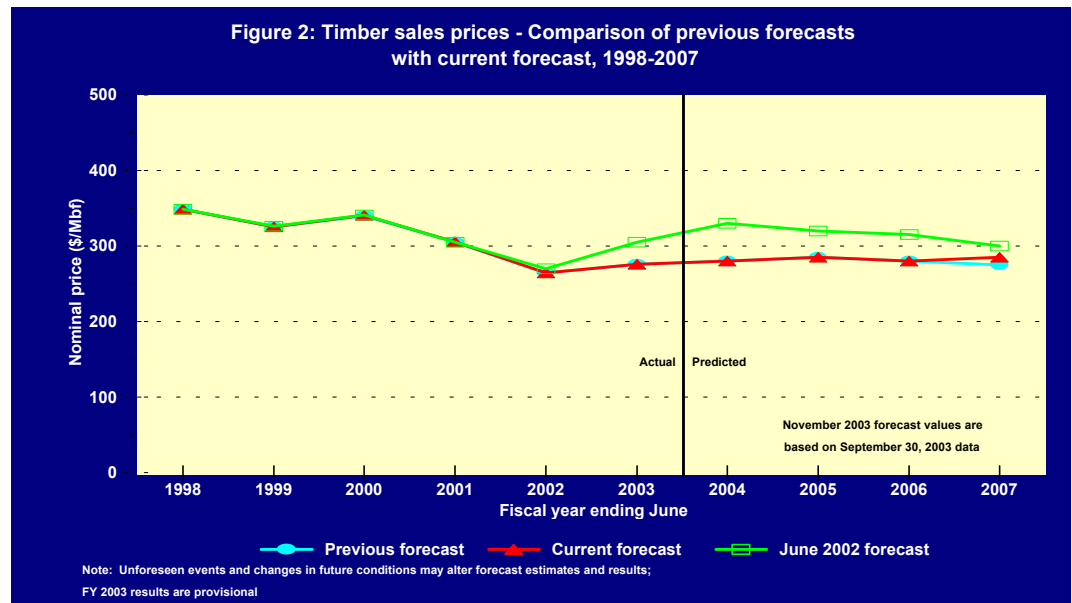


- **Timber Sale Prices:** Compared with the September 2003 forecast, estimated timber prices are unchanged for FY 2004 through FY 2006, but increase by \$10/Mbf (4%) for FY 2007 as an anticipated cyclical upturn in construction occurs (Figure 2, Table 1).

- As a generic indicator of current market conditions, softwood lumber prices have declined from \$345/Mbf in March 2002 to a low of \$271/Mbf in November 2002 (Random Lengths framing lumber composite price index). After languishing at about the \$285/Mbf level, prices started to rise in June 2003, peaking at \$375/Mbf in September 2003. In October 2003, the composite price index declined to \$325/Mbf. This recent price spike likely reflects seasonal factors (especially inventory restocking), rather than market fundamentals, and is therefore unlikely to be long-lasting.

- Near-term outlook for DNR timber sales prices:

Seasonal changes aside, look for flat stumpages. Salvage of fire-damaged trees and harvest from stand treatment to reduce fire hazard may limit upward price movement (e.g., offsetting from increased demand for lumber resulting from construction in the wake of Californian wildfires). Also, depreciation of the US dollar against the Canadian dollar has not yet reduced imports of softwood logs from Canada—they continue apace. Furthermore, the flow of softwood lumber imports into the USA continues, despite exchange rate depreciation, and tariffs and duties imposed on Canadian-sourced product. Whether a strike by lumber workers in coastal British Columbia has an impact on imports of Canadian-sourced softwood lumber remains to be seen.

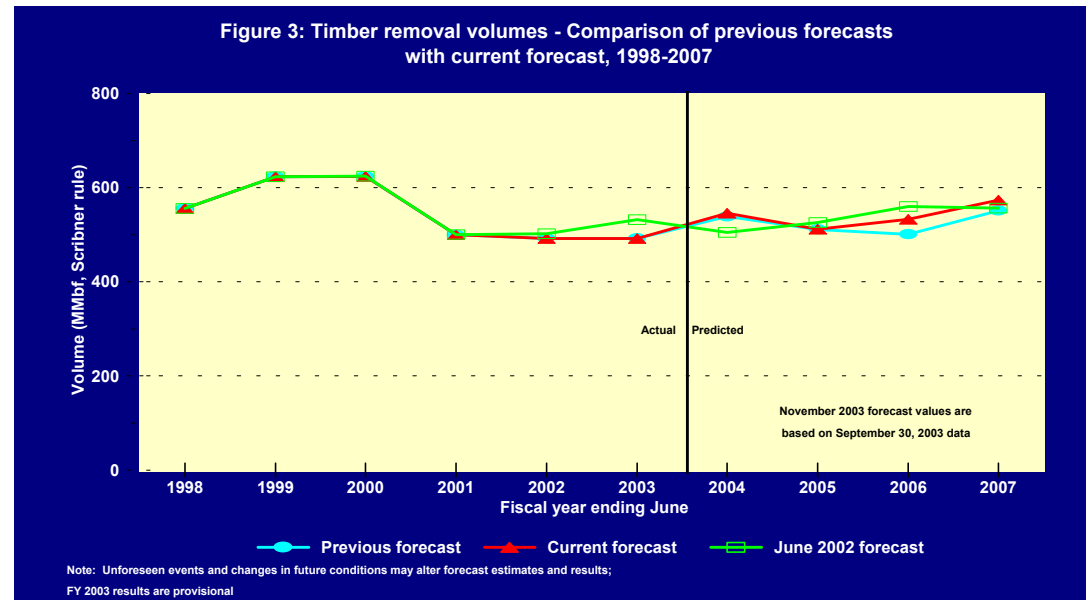


- Long-term outlook for DNR timber sales prices:

At best, real (i.e., inflation-adjusted) softwood stumpages are likely to remain fairly constant over the forecast period, assuming estimates of future North American softwood timber harvest volume prove correct.

- Factors contributing to the outlook for forecast timber sales prices include:
 1. Overcapacity in the western North American softwood sawmilling industry, much of which is marginal in character, i.e., capacity that moves in and out of production in response to price, tending to make softwood lumber market price rallies short-lived;
 2. Historically high levels of softwood log imports from Canada into the western USA, tending to dilute purchaser interest in sales offered by the department (thereby depressing prices);

3. Increasing softwood lumber imports into the USA, particularly from countries other than Canada, and especially from plantation sources;
4. Increasing competition in export markets--particularly in Japan--for both softwood logs and lumber, increasing the supply of these products in the domestic (US) market;
5. Increasing substitution of both (non-solid) wood and non-wood products for solid wood products, especially in engineering end use applications.
6. A trend towards increased utilization and availability of small-diameter logs, particularly from private lands; and
7. Reduced price premia for the large-diameter logs that typically make up a large proportion of DNR timber sales.



■ **Timber Removal Volumes:** Compared with the September 2003 forecast, estimated timber removal volumes are little changed for FY 2004 and FY 2005 (Figure 3, Table 1). Increased removal volumes are forecast for FY 2006 and FY 2007.

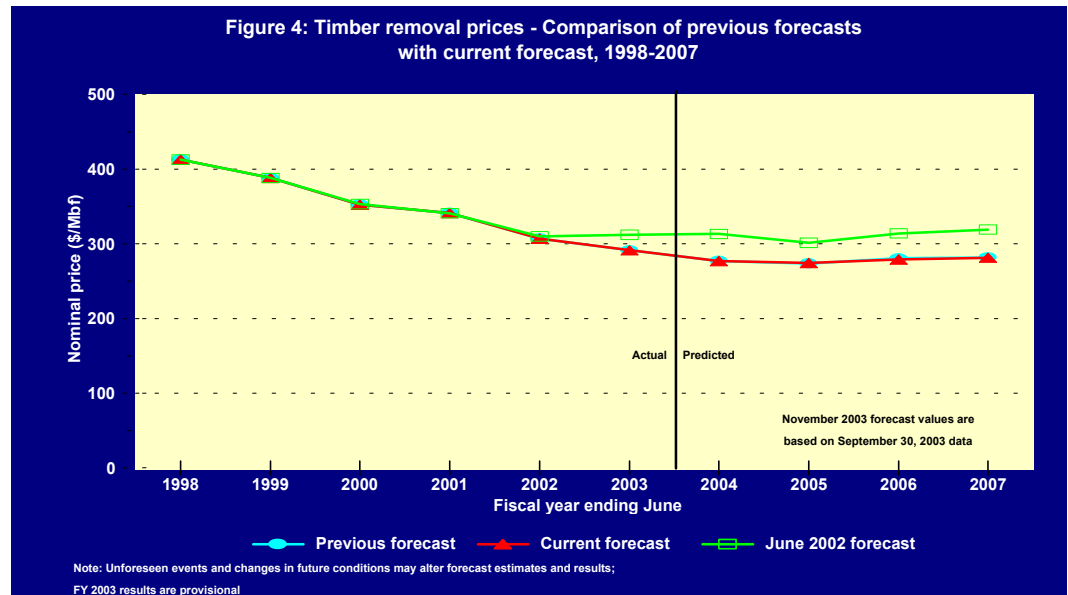
- Timber removal volumes have not responded as strongly as might be implied by the present high level of housing starts. Increased use of substitute products--especially imported softwood lumber and logs, and log and lumber volume that would otherwise be exported--have tended to displace demand for sawtimber that might otherwise have been drawn from DNR-managed lands.
- In the near term, purchasers expressed an intent to increase removals from uncut timber under contract. Given recent strength observed in US construction activity, removal intentions expressed through the purchaser survey may understate realized removals.

- The trend in removals also anticipates a cyclical downturn in construction activity, with the cyclical trough occurring (late?) in FY 2005. However, construction activity will still remain high by historical standards.
- Timber removal volumes are expected to lag increased sales volume, as purchasers place part of the increased sales volume into increased inventory.
- Removal volume estimates assume the department will meet its sold timber volume targets for each year in the forecast period.

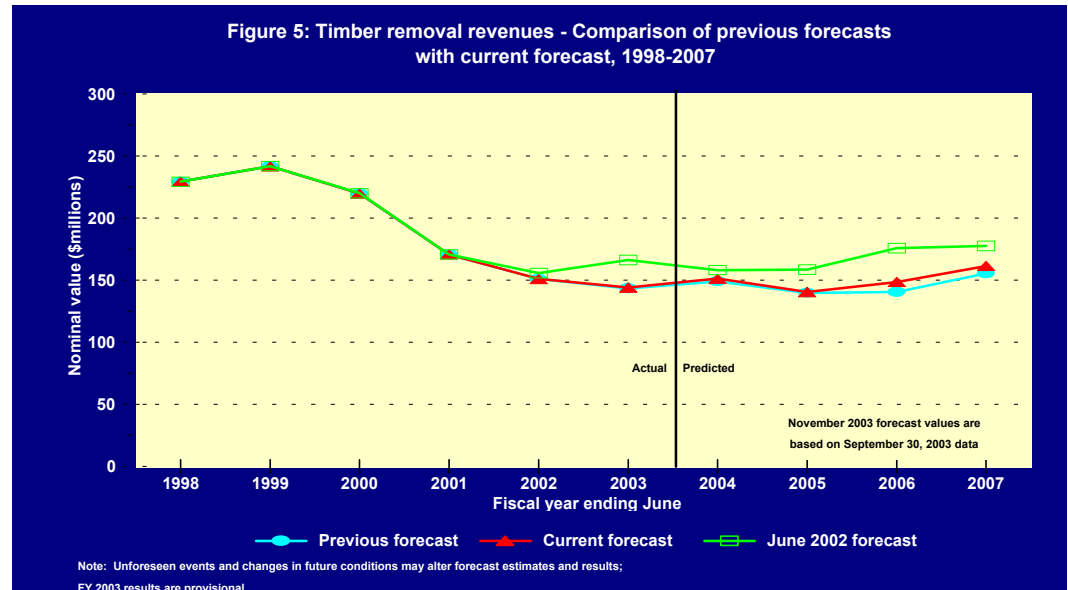
■ **Projected Uncut Timber Inventory Under Contract:** Compared with the September 2003 forecast, projected uncut timber under contract at the end of FY 2007 is 70 MMbf lower in volume terms, and about \$14 million lower in value terms (Table 1), largely reflecting an increase in removal volumes in the later years of the forecast period as the housing market emerges from an anticipated cyclical downturn.

- At the end of FY 2007, uncut inventory under contract is estimated to be 849 MMbf, worth \$238 million (average of \$281/Mbf), compared with 648 MMbf, worth \$173 million (average of \$267/Mbf) at the end of the September 2003 quarter (Table 1).

- Timber Removal Prices:** Compared with the September 2003 forecast, timber removal prices are virtually unchanged over the forecast period (Figure 4, Table 1).
 - Removals prices for FY 2004 through FY 2007 are estimated to average about \$278/Mbf.

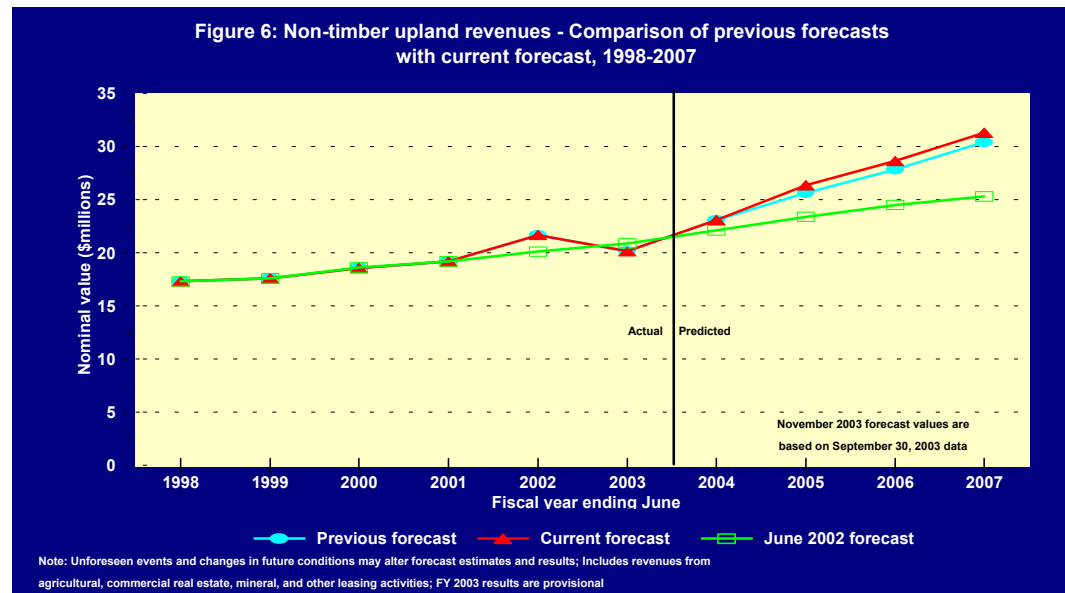


- Timber Removal Revenues:** Compared with the September 2003 forecast, timber removal revenues are about 0% to 5% higher throughout the entire forecast period (Figure 5, Tables 1 & 2).
 - Changes in estimated timber removal revenues reflect the effects of increased forecasts of timber removal volumes.



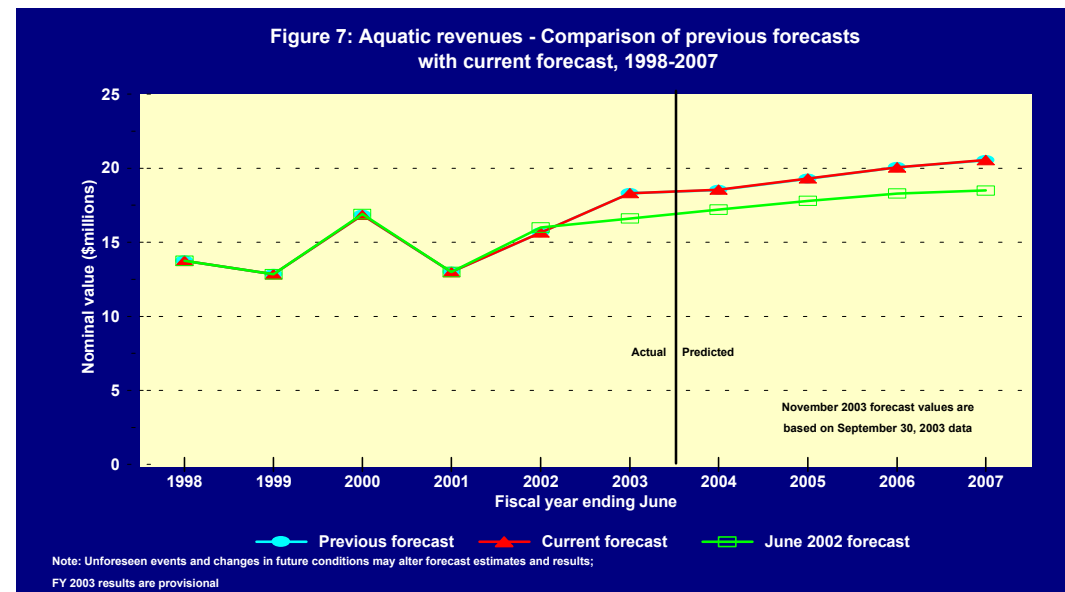
- **Non-timber Upland Revenues:** Compared with the September 2003 forecast, estimates of non-timber upland revenues are about 3% (\$0.7 million and \$0.9 million) higher than previously estimated, from FY 2005 on (Figure 6, Table 2).

- Changes in revenue estimates reflect anticipated revenue contributions from recently acquired agricultural properties.



- **Aquatic Revenues:** Compared with the September 2003 forecast, aquatic revenues are estimated to be virtually unchanged (Figure 7, Table 2).

- Forecast aquatic revenues assume future revenues will follow past revenue trends, and do not explicitly take into account factors with potentially major revenue impacts (e.g., revisions to geoduck harvest levels, and biological factors such as green crab infestation and paralytic shellfish poisoning). Also, while the Severe Acute Respiratory Syndrome (SARS) epidemic in East Asia has played itself out for the last fiscal year (with no impact on geoduck revenues), SARS may yet be a factor affecting geoduck demand in subsequent fiscal years.

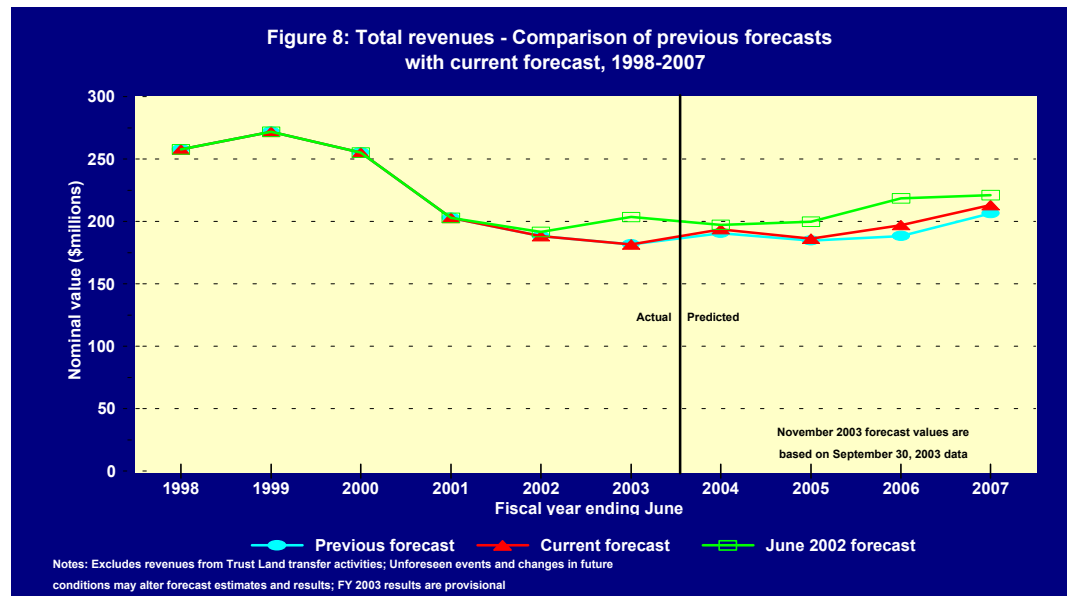


- **Total Revenues:** Compared with the September 2003 forecast, total revenues are forecast to be \$1 million to \$9 million (1% to 5%) higher over the forecast period (Figure 8, Table 2). These changes in total revenues reflect underlying changes in forecasts of timber removal volumes and non-timber revenues.

- For this November 2003 forecast, total revenues are forecast to increase to nearly \$193 million in FY 2004 from over \$182 million in FY 2003 (excluding Trust Land Transfers). Total revenues are then forecast to decrease to \$186 million in FY 2005, before increasing through FY 2006 to reach over \$213 million in FY 2007.
- Revenues to trust beneficiaries from the resource transfer component of Trust Land Transfers are not included in the revenue estimates reported above. These revenues are expected to reach about \$42.4 million during FY 2004 and FY 2005, i.e., \$21.2 million in FY 2004 and \$21.2 million in FY 2005 (Footnote 1, Table A2).
- Beneficiary and management revenues follow the same trend as total revenues (Tables A2 and A3).

■ Some Uncertainty Caveats:

- Target sold timber sale volumes for the later years of the forecast likely will change as a result of the recalculation of the sustainable harvest for DNR-managed trust lands.
- The strength and duration of the emerging upturn in the US economy: Just how durable and robust will the upturn currently underway in the US economy prove, once the effects of the one-time stimulatory factors prompting



recovery (e.g., low interest rates, high federal government spending) fade or are not otherwise sustained?

- Market impacts of changes in timber supply from outside the Pacific Northwest region are expected to contribute to increasingly competitive--and volatile--domestic and foreign lumber and sawtimber markets, e.g., foreign log and lumber supplies, substitutes for solid wood products. These impacts may be tempered (or exacerbated) by exchange rate movements.
- Over time and as appropriate, operational changes being undertaken in the department's timber sales program and nontimber programs are factored into the forecast.

Table 1a: Projected trust land timber sales, removals and revenues

Fiscal year	2001	2002	Preliminary 2003	Actual FY 2004 to 9/30/2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
Sold timber sales								
Volume (mmbf)	460	495	543	59	560	560	560	560
Price (\$/mbf)	\$305	\$264	\$276	\$255	\$280	\$285	\$280	\$285
Ending uncut inventory under contract								
Volume (mmbf)	737	731	773	648	787	835	862	849
Value (\$millions)	\$227.8	\$205.6	\$209.6	\$173.1	\$215.3	\$231.6	\$242.7	\$238.2
Price (\$/mbf)	\$309	\$281	\$271	\$267	\$273	\$277	\$281	\$281
Timber removals								
Volume (mmbf)	500	492	492	170	546	512	533	574
Price (\$/mbf)	\$341	\$307	\$291	\$286	\$277	\$274	\$279	\$281
Timber removal revenue (\$millions)	\$170.6	\$150.9	\$144.0	\$48.6	\$151.2	\$140.4	\$148.5	\$161.3

Note: Totals may not add due to rounding

Table 1b: Change from previous forecast

Fiscal year	2001	2002	Preliminary 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
Sold timber sales							
Volume (mmbf)	(0)	0	0	0	0	0	0
Price (\$/mbf)	\$0	\$0	(\$0)	\$0	\$0	\$0	\$10
Ending uncut inventory under contract							
Volume (mmbf)	(0)	(0)	12	(16)	(16)	(48)	(70)
Value (\$millions)	(\$0.0)	(\$0.0)	\$2.7	(\$2.1)	(\$5.5)	(\$10.7)	(\$13.9)
Price (\$/mbf)	\$0	\$0	(\$1)	\$3	(\$1)	\$3	\$6
Timber removals							
Volume (mmbf)	0	0	0	7	1	32	22
Price (\$/mbf)	\$0	\$0	(\$0)	\$0	\$1	(\$2)	(\$1)
Timber removal revenue (\$millions)	\$0.0	\$0.0	\$0.7	\$2.0	\$0.6	\$8.0	\$5.9

Note: Totals may not add due to rounding

Table 2a: Projected trust land revenue by source (\$millions)

Fiscal year	2001	2002	Preliminary 2003	Actual FY 2004 to 9/30/2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
Timber removal revenue	\$170.6	\$150.9	\$144.0	\$48.6	\$151.2	\$140.4	\$148.5	\$161.3
Agricultural and mineral revenue	\$13.5	\$14.1	\$13.4	\$2.8	\$13.6	\$15.4	\$16.1	\$17.3
Commercial real estate revenue	\$5.7	\$7.5	\$6.8	\$2.1	\$9.5	\$11.0	\$12.5	\$14.0
Aquatic revenue	\$13.0	\$15.7	\$18.3	\$3.6	\$18.5	\$19.3	\$20.1	\$20.6
Trust land transfer (resource value)	\$31.9	\$8.6	\$31.4	\$0.3	\$20.0	\$22.4	\$0.0	\$0.0
Total revenue, excluding trust land transfer	\$202.8	\$188.3	\$182.2	\$56.9	\$192.8	\$186.1	\$197.2	\$213.2

Note: Totals may not add due to rounding

Table 2b: Change from previous forecast (\$millions)

Fiscal year	2001	2002	Preliminary 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
Timber removal revenue	(\$0.0)	\$0.0	\$0.7	\$2.0	\$0.6	\$8.0	\$5.9
Agricultural and mineral revenue	\$0.0	\$0.0	\$0.3	\$0.0	\$0.7	\$0.8	\$0.9
Commercial real estate revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Aquatic revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Trust land transfer (resource value)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total revenue, excluding trust land transfer	(\$0.0)	\$0.1	(\$0.1)	\$2.1	\$1.4	\$8.8	\$6.9

Note: Totals may not add due to rounding

Table A1: Projected trust revenues by fund and fiscal year, September 2003 forecast, 2000-2007 (\$millions)

Fiscal year	2000	2001	2002	Actual 2003 to 06/30/03	Projected 2003	Projected 2004	Projected 2005	Projected 2006
MANAGEMENT ACCOUNTS								
041 RMCA - UPLAND	\$30.9	\$24.8	\$22.1	\$19.5	\$19.4	\$22.3	\$22.8	\$23.9
041 RMCA - AQUATIC	\$7.2	\$5.4	\$6.4	\$7.8	\$7.8	\$7.7	\$8.0	\$8.4
014 FDA	\$26.4	\$20.5	\$19.8	\$20.2	\$20.1	\$18.9	\$17.3	\$16.7
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	\$64.4	\$50.7	\$48.3	\$47.4	\$47.2	\$49.0	\$48.1	\$49.0
CURRENT FUNDS								
113 COMMON SCHOOL CONSTRUCTION	\$66.0	\$52.3	\$44.1	\$41.2	\$40.8	\$48.1	\$48.5	\$51.7
999 FOREST BOARD COUNTIES	\$81.0	\$64.0	\$58.5	\$58.8	\$58.5	\$57.7	\$51.1	\$50.2
001 GENERAL FUND	\$5.2	\$3.8	\$4.3	\$3.9	\$4.1	\$3.8	\$3.5	\$2.9
348 UNIVERSITY BOND RETIREMENT	\$0.3	\$1.1	\$0.5	\$0.8	\$0.8	\$0.7	\$0.8	\$0.9
347 WSU BOND REPAYMENT	\$0.5	\$0.7	\$0.8	\$0.6	\$0.8	\$0.8	\$0.9	\$0.9
042 CEP&RI	\$5.1	\$3.9	\$3.9	\$4.5	\$4.5	\$5.5	\$4.2	\$3.4
036 CAPITOL BUILDING CONSTRUCTION	\$8.2	\$6.5	\$7.6	\$5.2	\$5.2	\$4.8	\$6.4	\$6.8
061/3/5/6 NORMAL (CWU, EWU, WWU, TESC) SCHOOL	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
OTHER FUNDS	\$0.0	\$0.1	\$0.2	\$0.0	\$0.1	\$0.1	\$0.2	\$0.2
	-----	-----	-----	-----	-----	-----	-----	-----
	\$166.4	\$132.5	\$120.0	\$115.1	\$114.6	\$121.5	\$115.6	\$117.1
AQUATIC LANDS ENHANCEMENT ACCOUNT								
02R AQUATIC LANDS	\$9.7	\$7.6	\$9.3	\$10.6	\$10.6	\$10.8	\$11.2	\$11.7
PERMANENT FUNDS								
601 AGRICULTURAL COLLEGE	\$2.6	\$1.8	\$1.0	\$3.0	\$3.0	\$2.2	\$1.9	\$2.3
604 NORMAL SCHOOL PERMANENT	\$5.5	\$4.3	\$4.0	\$2.5	\$2.5	\$2.6	\$2.8	\$2.9
605 COMMON SCHOOL PERMANENT	\$1.0	\$0.6	\$0.7	\$0.4	\$0.6	\$0.4	\$0.5	\$0.6
606 SCIENTIFIC PERMANENT	\$4.7	\$4.7	\$4.3	\$3.1	\$2.9	\$3.6	\$4.2	\$4.5
607 UNIVERSITY PERMANENT	\$1.0	\$0.6	\$0.7	\$0.3	\$0.3	\$0.6	\$0.4	\$0.3
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	\$14.7	\$12.0	\$10.7	\$9.3	\$9.3	\$9.5	\$9.8	\$10.6
TOTAL TO TRUST BENEFICIARY FUNDS	\$190.8	\$152.1	\$139.9	\$134.9	\$134.5	\$141.8	\$136.6	\$139.4
TOTAL ALL FUNDS	\$255.3	\$202.8	\$188.3	\$182.3	\$181.7	\$190.8	\$184.7	\$188.4

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, \$40.0 million in FY 2002-03 (provisional), and 42.4 million (estimate) in FY 2004-05, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.

Table A2: Projected trust revenues by fund and fiscal year, November 2003 forecast, 2000-2007 (\$millions)

Fiscal year		2000	2001	2002	Preliminary 2003	Actual 2004 to 09/30/03	Projected 2004	Projected 2005	Projected 2006
MANAGEMENT ACCOUNTS									
041	RMCA - UPLAND	\$30.9	\$24.9	\$22.1	\$19.4	\$6.7	\$22.3	\$22.1	\$24.6
041	RMCA - AQUATIC	\$7.2	\$5.4	\$6.4	\$7.8	\$1.5	\$7.8	\$8.1	\$8.4
014	FDA	\$26.4	\$20.5	\$19.8	\$20.1	\$6.0	\$19.6	\$18.5	\$18.3
		-----	-----	-----	-----	-----	-----	-----	-----
		\$64.4	\$50.7	\$48.3	\$47.3	\$14.2	\$49.7	\$48.6	\$51.2
CURRENT FUNDS									
113	COMMON SCHOOL CONSTRUCTION	\$66.0	\$52.2	\$44.1	\$40.8	\$13.5	\$47.5	\$47.7	\$53.5
999	FOREST BOARD COUNTIES	\$81.0	\$64.0	\$58.5	\$58.5	\$18.9	\$59.8	\$52.6	\$54.0
001	GENERAL FUND	\$5.2	\$3.8	\$4.3	\$4.1	\$1.2	\$4.0	\$4.4	\$3.5
348	UNIVERSITY BOND RETIREMENT	\$0.3	\$1.1	\$0.5	\$0.8	\$0.1	\$0.7	\$0.7	\$1.0
347	WSU BOND REPAYMENT	\$0.5	\$0.7	\$0.8	\$0.8	\$0.1	\$0.8	\$0.9	\$1.0
042	CEP&RI	\$5.1	\$3.9	\$3.9	\$4.4	\$2.2	\$5.7	\$4.1	\$3.9
036	CAPITOL BUILDING CONSTRUCTION	\$8.2	\$6.5	\$7.6	\$5.2	\$1.7	\$4.9	\$5.9	\$6.6
061/3/5/6	NORMAL (CWU, EWU, WWU, TESC) SCHOOL	\$0.1	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.1	\$0.1
	OTHER FUNDS	\$0.0	\$0.1	\$0.2	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2
		-----	-----	-----	-----	-----	-----	-----	-----
		\$166.4	\$132.5	\$119.9	\$114.6	\$37.7	\$123.6	\$116.5	\$123.6
AQUATIC LANDS ENHANCEMENT ACCOUNT									
02R	AQUATIC LANDS	\$9.7	\$7.6	\$9.3	\$10.6	\$2.1	\$10.8	\$11.2	\$11.7
PERMANENT FUNDS									
601	AGRICULTURAL COLLEGE	\$2.6	\$1.8	\$1.0	\$3.0	\$0.4	\$2.3	\$2.7	\$2.8
604	NORMAL SCHOOL PERMANENT	\$5.5	\$4.3	\$4.0	\$2.6	\$1.0	\$2.7	\$2.7	\$2.8
605	COMMON SCHOOL PERMANENT	\$1.0	\$0.6	\$0.7	\$0.6	\$0.0	\$0.4	\$0.5	\$0.6
606	SCIENTIFIC PERMANENT	\$4.7	\$4.7	\$4.3	\$2.9	\$1.3	\$3.8	\$3.6	\$4.3
607	UNIVERSITY PERMANENT	\$1.0	\$0.6	\$0.7	\$0.3	\$0.2	\$0.6	\$0.3	\$0.3
		-----	-----	-----	-----	-----	-----	-----	-----
		\$14.7	\$12.0	\$10.7	\$9.3	\$2.9	\$9.8	\$9.8	\$10.7
	TOTAL TO TRUST BENEFICIARY FUNDS	\$190.8	\$152.1	\$139.9	\$134.5	\$42.8	\$144.2	\$137.5	\$146.0
	TOTAL ALL FUNDS	\$255.3	\$202.8	\$188.3	\$181.7	\$56.9	\$193.9	\$186.1	\$197.2

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, \$40.0 million in FY 2002-03 (provisional), and 42.4 million (estimate) in FY 2004-05, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.

Table A3: Change from September 2003 to November 2003 forecast-Projected trust revenues by fund and fiscal year, 2000-2007 (\$millions)

Fiscal year	2000	2001	2002	Preliminary 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
MANAGEMENT ACCOUNTS								
041 RMCA - UPLAND	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.0)	(\$0.7)	\$0.6	\$0.9
041 RMCA - AQUATIC	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
014 FDA	\$0.0	(\$0.0)	(\$0.0)	(\$0.0)	\$0.7	\$1.2	\$1.6	\$0.9
	-----	-----	-----	-----	-----	-----	-----	-----
	\$0.0	\$0.0	\$0.0	(\$0.1)	\$0.7	\$0.5	\$2.3	\$1.8
CURRENT FUNDS								
113 COMMON SCHOOL CONSTRUCTION	\$0.0	(\$0.0)	(\$0.0)	(\$0.5)	(\$0.6)	(\$0.8)	\$1.8	\$2.1
999 FOREST BOARD COUNTIES	\$0.0	(\$0.0)	(\$0.0)	(\$0.3)	\$2.1	\$1.5	\$3.7	\$2.4
001 GENERAL FUND	\$0.0	\$0.0	\$0.0	\$0.1	\$0.3	\$0.9	\$0.6	\$0.3
348 UNIVERSITY BOND RETIREMENT	\$0.0	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.1)	\$0.1	\$0.2
347 WSU BOND REPAYMENT	\$0.0	(\$0.0)	(\$0.0)	\$0.1	(\$0.0)	\$0.1	\$0.1	\$0.1
042 CEP&RI	\$0.0	\$0.0	\$0.0	(\$0.0)	\$0.2	(\$0.1)	\$0.5	\$0.6
036 CAPITOL BUILDING CONSTRUCTION	\$0.0	\$0.0	\$0.0	(\$0.0)	\$0.1	(\$0.5)	(\$0.2)	(\$0.2)
061/3/5/6 NORMAL (CWU, EWU, WWU, TESC) SCHOOL	\$0.0	(\$0.0)	(\$0.0)	\$0.0	(\$0.0)	\$0.0	\$0.0	\$0.0
OTHER FUNDS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.0)	(\$0.0)
	-----	-----	-----	-----	-----	-----	-----	-----
	\$0.0	(\$0.0)	(\$0.0)	(\$0.5)	\$2.1	\$1.0	\$6.5	\$5.3
AQUATIC LANDS ENHANCEMENT ACCOUNT								
02R AQUATIC LANDS	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)	(\$0.0)	(\$0.0)	(\$0.0)
PERMANENT FUNDS								
601 AGRICULTURAL COLLEGE	\$0.0	\$0.0	\$0.0	(\$0.0)	\$0.1	\$0.7	\$0.4	(\$0.1)
604 NORMAL SCHOOL PERMANENT	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	(\$0.1)	(\$0.2)	(\$0.2)
605 COMMON SCHOOL PERMANENT	\$0.0	\$0.0	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.0
606 SCIENTIFIC PERMANENT	\$0.0	\$0.0	\$0.0	(\$0.2)	\$0.1	(\$0.6)	(\$0.2)	(\$0.1)
607 UNIVERSITY PERMANENT	\$0.0	\$0.0	\$0.0	\$0.0	(\$0.0)	(\$0.0)	\$0.0	\$0.0
	-----	-----	-----	-----	-----	-----	-----	-----
	\$0.0	\$0.0	\$0.0	\$0.1	\$0.3	(\$0.0)	\$0.1	(\$0.3)
TOTAL TO TRUST BENEFICIARY FUNDS	\$0.0	(\$0.0)	(\$0.0)	(\$0.5)	\$2.4	\$0.9	\$6.6	\$5.0
TOTAL ALL FUNDS	\$0.0	(\$0.0)	\$0.0	(\$0.6)	\$3.2	\$1.4	\$8.8	\$6.9

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, \$40.0 million in FY 2002-03 (provisional), and 42.4 million (estimate) in FY 2004-05, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.

Table A4: Change from September 2003 to November 2003 forecast-Projected trust revenues by fund and fiscal year, 2000-2007 (%)

Fiscal year	2000	2001	2002	Preliminary 2003	Projected 2004	Projected 2005	Projected 2006	Projected 2007
MANAGEMENT ACCOUNTS								
041 RMCA - UPLAND	0.0%	0.0%	0.0%	-0.5%	-0.1%	-3.2%	2.6%	3.2%
041 RMCA - AQUATIC	0.0%	0.0%	0.0%	0.0%	0.5%	0.5%	0.5%	0.5%
014 FDA	0.0%	-0.0%	-0.0%	-0.1%	3.8%	6.8%	9.6%	5.3%
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	0.0%	0.0%	0.0%	-0.3%	1.5%	1.0%	4.6%	3.5%
CURRENT FUNDS								
113 COMMON SCHOOL CONSTRUCTION	0.0%	-0.0%	-0.0%	-1.1%	-1.2%	-1.7%	3.4%	3.5%
999 FOREST BOARD COUNTIES	0.0%	-0.0%	-0.0%	-0.5%	3.7%	3.0%	7.5%	4.3%
001 GENERAL FUND	0.0%	0.0%	0.0%	2.7%	6.8%	26.4%	19.4%	10.2%
348 UNIVERSITY BOND RETIREMENT	0.0%	-0.0%	-0.1%	-0.5%	-0.8%	-6.6%	11.2%	17.8%
347 WSU BOND REPAYMENT	0.0%	-0.2%	-0.3%	15.7%	-0.2%	6.5%	6.8%	7.0%
042 CEP&RI	0.0%	0.5%	0.7%	-0.9%	3.8%	-3.3%	14.7%	18.2%
036 CAPITOL BUILDING CONSTRUCTION	0.0%	0.0%	0.0%	-0.3%	2.5%	-7.7%	-3.2%	-2.9%
061/3/5/6 NORMAL (CWU, EWU, WWU, TESC) SCHOOL	0.0%	-0.1%	-0.1%	20.5%	-0.0%	5.2%	5.8%	6.4%
OTHER FUNDS	0.0%	0.1%	0.1%	41.4%	10.3%	-33.3%	-17.4%	-2.1%
	-----	-----	-----	-----	-----	-----	-----	-----
	0.0%	-0.0%	-0.0%	-0.4%	1.8%	0.8%	5.6%	4.1%
AQUATIC LANDS ENHANCEMENT ACCOUNT								
02R AQUATIC LANDS	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	-0.2%	-0.2%
PERMANENT FUNDS								
601 AGRICULTURAL COLLEGE	0.0%	0.0%	0.0%	-0.0%	4.9%	37.3%	19.0%	-3.9%
604 NORMAL SCHOOL PERMANENT	0.0%	0.0%	0.0%	2.3%	3.4%	-4.3%	-5.2%	-5.1%
605 COMMON SCHOOL PERMANENT	0.0%	0.0%	0.0%	32.8%	0.0%	0.0%	0.0%	0.0%
606 SCIENTIFIC PERMANENT	0.0%	0.0%	0.0%	-6.8%	3.6%	-14.0%	-4.5%	-1.1%
607 UNIVERSITY PERMANENT	0.0%	0.0%	0.0%	0.3%	-4.8%	-13.7%	1.3%	22.7%
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	0.0%	0.0%	0.0%	0.6%	3.1%	-0.3%	0.9%	-2.4%
TOTAL TO TRUST BENEFICIARY FUNDS	0.0%	-0.0%	-0.0%	-0.3%	1.7%	0.7%	4.7%	3.3%
TOTAL ALL FUNDS	0.0%	-0.0%	0.0%	-0.3%	1.7%	0.7%	4.7%	3.3%

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, \$40.0 million in FY 2002-03 (provisional), and 42.4 million (estimate) in FY 2004-05, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
- 4 - Totals may not add due to rounding.
- 5 - Projected values are forecast estimates, and should be interpreted in conjunction with the accompanying forecast document. Unforeseen events and changes in future conditions may alter forecast estimates and results.
- 6 - Data for all years are cash estimates, and not directly comparable with accrual figures presented in DNR Annual Reports.

Table A5: Revenue projections by fund and biennium, November 2003 forecast, 1995-2007 (\$millions)

Fiscal years		1995-97	1997-99	1999-2001	Preliminary 2001-2003	Biennium to 09/30/03	Projected 2003-2005	Projected 2005-2007
MANAGEMENT ACCOUNTS								
041	RMCA - UPLAND	\$79.9	\$65.4	\$55.7	\$41.5	\$6.7	\$44.4	\$52.0
041	RMCA - AQUATIC	\$10.0	\$11.3	\$12.5	\$14.1	\$1.5	\$15.9	\$17.0
014	FDA	\$74.2	\$56.9	\$46.9	\$40.0	\$6.0	\$38.1	\$37.0
		-----	-----	-----	-----	-----	-----	-----
		\$164.1	\$133.6	\$115.1	\$95.6	\$14.2	\$98.3	\$106.1
CURRENT FUNDS								
113	COMMON SCHOOL CONSTRUCTION	\$166.4	\$133.6	\$118.3	\$84.9	\$13.5	\$95.2	\$113.8
999	FOREST BOARD COUNTIES	\$195.1	\$172.9	\$145.0	\$117.0	\$18.9	\$112.5	\$111.4
001	GENERAL FUND	\$14.4	\$11.7	\$9.1	\$8.3	\$1.2	\$8.4	\$6.4
348	UNIVERSITY BOND RETIREMENT	\$4.3	\$3.3	\$1.4	\$1.3	\$0.1	\$1.4	\$2.1
347	WSU BOND REPAYMENT	\$0.9	\$1.1	\$1.2	\$1.6	\$0.1	\$1.7	\$2.0
042	CEP&RI	\$17.3	\$10.4	\$9.0	\$8.3	\$2.2	\$9.8	\$8.1
036	CAPITOL BUILDING CONSTRUCTION	\$11.5	\$13.8	\$14.7	\$12.8	\$1.7	\$10.8	\$13.9
061/3/5/6	NORMAL (CWU, EWU, WWU, TESC) SCHOOL	\$0.2	\$0.1	\$0.1	\$0.1	\$0.0	\$0.1	\$0.2
	OTHER FUNDS	\$0.1	\$0.2	\$0.1	\$0.3	\$0.1	\$0.2	\$0.3
		-----	-----	-----	-----	-----	-----	-----
		\$410.2	\$347.2	\$298.9	\$234.5	\$37.7	\$240.2	\$258.0
AQUATIC LANDS ENHANCEMENT ACCOUNT								
02R	AQUATIC LANDS	\$14.2	\$15.3	\$17.3	\$19.9	\$2.1	\$22.0	\$23.6
PERMANENT FUNDS								
601	AGRICULTURAL COLLEGE	\$9.6	\$7.0	\$4.4	\$4.0	\$0.4	\$5.0	\$6.0
604	NORMAL SCHOOL PERMANENT	\$7.5	\$7.1	\$9.8	\$6.6	\$1.0	\$5.4	\$5.6
605	COMMON SCHOOL PERMANENT	\$1.8	\$1.8	\$1.6	\$1.3	\$0.0	\$0.9	\$1.3
606	SCIENTIFIC PERMANENT	\$15.0	\$14.8	\$9.3	\$7.1	\$1.3	\$7.3	\$9.3
607	UNIVERSITY PERMANENT	\$4.8	\$2.9	\$1.6	\$1.0	\$0.2	\$0.9	\$0.5
		-----	-----	-----	-----	-----	-----	-----
		\$38.7	\$33.6	\$26.7	\$20.0	\$2.9	\$19.5	\$22.7
	TOTAL TO TRUST BENEFICIARY FUNDS	\$463.1	\$396.1	\$342.9	\$274.4	\$42.8	\$281.7	\$304.3
	TOTAL ALL FUNDS	\$627.1	\$529.7	\$458.1	\$370.0	\$56.9	\$380.1	\$410.4

Notes:

- 1 - Excludes interest and trust land transfer monies, and includes operating transfers. Trust Land Transfer monies amounted to \$37.3 million in FY 1994-95, \$21.8 million in FY 1998-99, \$56.06 million in FY 2000-01, \$40.0 million in FY 2002-03 (provisional), and 42.4 million (estimate) in FY 2004-05, payable to the Common School Construction Fund.
- 2 - Upland RMCA does not include land bank transactions.
- 3 - Revenues reflect cash earnings from management activities only. Revenues from interest payments, fires assessments, permits, fees, etc. are not included.
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